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Honorable Robert E. Hampton  
Chairman  
United States Civil Service Commission  
Washington, D.C. 20415

Dear Mr. Hampton:

Reference is made to your memorandum of 7 February 1975 which discussed the President's concern over rising personnel costs and requested a summary report of the actions taken and results achieved toward the objective of cost reduction.

On 30 January 1975, the Director, Office of Management and Budget levied a similar requirement on the Agency, and in conformance with existing arrangements for this Organization, we have reported the results of our specific actions relating to more cost effective personnel management directly to Mr. Lynn.

Sincerely yours,

John F. Blake  
Deputy Director  
for  
Administration

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EX-1  
EX-2

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WASHINGTON, D.C. 20415

DD/A

February 7, 1975

MEMORANDUM FOR HEADS OF DEPARTMENTS AND AGENCIES

The President has recently emphasized his concern over rising personnel costs. Through current budget actions by OMB all of us have been called upon to do better in assuring cost effective personnel management throughout Government. Personnel costs are indeed significant in carrying out the business of our Government, and there is much that can be done to reduce them. Several possible actions have been outlined, and I am responsible for keeping the President and OMB informed of progress and results.

This Commission is initiating a number of actions to help you promote cost reduction in personnel management. In administering the Government-wide Federal Personnel System we recognize that our actions have an impact on day-to-day personnel management in all agencies. We are determined to do everything possible to assure that this system operates not only in accordance with law and merit principles but also contributes to efficient Government. The principal actions we have underway are outlined in the attachment to this memorandum. As work progresses on these initiatives, we will follow with others.

Obviously, the initiatives you take in response to the President's concern will be critical to success. Your executives and those they lead must also share the sense of urgency needed to renew and sustain an effective cost reduction program. Two elements are essential to this undertaking: (1) capitalizing on the best creative efforts of your managers, supervisors and employees, to tap their ideas for reducing personnel costs, and (2) assuring recognition and accountability for cost reduction actions.

Effective internal evaluation is central to your management of these cost reduction initiatives. Establishing clear objectives and devising plans of action to achieve them, monitoring progress and getting feedback on results, identifying and dealing with problems interfering with even greater achievements -- all of these elements are critical to success. Perhaps more than ever before, therefore, it is essential that your internal personnel management evaluation efforts be linked to cost reduction.

I shall be reporting to the President on progress periodically. Accordingly, I would appreciate your furnishing me by May 15, 1975, a comprehensive summary of the actions already taken by then and results achieved, together with an outline of the additional results you plan to achieve in FY 75 and FY 76, in response to the President's expressed concern and call for action.

Robert E. Hampton  
Chairman

Attachment

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THE MERIT SYSTEM—A GOOD INVESTMENT IN GOOD GOVERNMENT

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ATTACHMENT

CSC'S COST REDUCTION INITIATIVES IN PERSONNEL MANAGEMENT

Following is a summary of planned CSC initiatives to promote cost reduction in personnel management. More detailed information for consultation and implementation will be provided through the usual media.

Position Management and Classification

1. Increased emphasis on position management in CSC evaluation program, to assess critically the effectiveness of agency position management systems and activities, and to assure that position management concerns are adequately addressed in internal agency evaluation systems.
2. Establishment of a periodic review and report by agencies of their management and utilization of supergrade position resources, with analysis and appropriate action by the CSC to abolish or reprogram lower priority positions as they become vacant.
3. Additional emphasis on accuracy of position classification, both in CSC evaluation program and in agencies' internal evaluation systems; principal focus will be on classification accuracy of higher grade positions, and the extent to which the amount of high grade work justifies the number of such positions.
4. Expanded consultations with agencies on major classification actions, including: (1) proposed reorganizations with significant position management and classification implications, and (b) proposed upgradings of significant numbers of positions.

Manpower Planning and Staffing

5. Encourage consideration of high quality eligibles on entry level examination registers, such as the JFA and the PACE exams, to facilitate agency hiring at the GS-4 and GS-5 levels wherever feasible.
6. Additional initiatives to promote greater use of part-time employment to meet both regular and peak workload demands.
7. Development of improvements in CSC competitive examining processes, to do a better job of matching available candidates with vacant positions, to promote more effective employee performance, and to reduce turnover resulting from dissatisfactions and deficiencies due to mismatches.

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8. Increased emphasis in CSC evaluation program and in agencies' internal personnel management evaluation systems on staffing management and analysis; principal focus will be on promoting more effective agency staffing planning, job restructuring, utilization and turnover analyses, and other efforts to assure optimum staffing practices to reduce personnel costs.

Employee Development

9. Expanded and intensified CSC training leadership and information services, coupled with related efforts to improve the management of training programs governmentwide in terms of planning, budgeting, use of cost benefit analysis, and evaluation.
10. Improved results from training and development efforts through greater emphasis on trainers' responsibility for improved employee performance; broader use, wherever applicable, of specific performance improvement objectives and related evaluation criteria by vendors of instruction.
11. Increased emphasis, both in agencies' internal evaluation systems and through CSC's evaluation program, on: (a) the efficiency and effectiveness of training obtained through non-Government facilities, and (b) the effectiveness of both agency and interagency training programs in improving performance, increasing efficiency, and enhancing organizational effectiveness.
12. Accelerated schedule for handoff to agencies of CSC-developed training packages, as well as accelerated efforts to develop alternative means to instructor-delivered formal training, including off-the-shelf individualized learning packages such as correspondence courses, video-assisted training, and programmed learning texts.

Incentive Systems

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13. Intensify promotion of Government-wide suggestions program to involve managers, supervisors and their employees more effectively in: (a) identifying opportunities for operational improvements that will result in cost reduction, (b) accelerating the consideration and adoption of worthwhile suggestions, and (c) enhancing the recognition of successful suggestors.
14. Improved linkage between Government Incentives Program and agencies' improvement efforts to achieve increased efficiency and cost reduction; better integration of Government-wide emphasis on "Management by Objectives" and needs for cost reduction in personnel management.
15. Revised guidance to agencies which clarifies use of special achievement awards for sustained superior performance and quality increases, to achieve more cost effective personnel management through proper use of these two forms of recognition.